

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 AGR-05 SSO-00 L-02

TRSE-00 OMB-01 CIEP-01 STR-04 CIAE-00 INR-07 NSAE-00

INRE-00 NSC-05 NSCE-00 PA-01 PRS-01 USIE-00 LAB-04

SIL-01 SP-02 FRB-03 SS-15 TAR-01 /073 W

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O R 301550Z APR 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC IMMEDIATE 9026

INFO AMCONSUL ISTANBUL

LIMITED OFFICIAL USE ANKARA 3442

E.O. 11652: N/A

TAGS: ETRD, TU

SUBJ: CONTINENTAL GRAIN CONTRACT WITH TURKISH AGENCY

REF: STATE 95564 ANKARA 3289, 3293 AND 3380

1. REPRESENTATIVES OF CONTINENTAL GRAIN (KOHLE AND FAINAS)
INFORMED ECONOMIC COUNSELOR THAT THEY JUST HAD LENGTHY MEETINGS
FIRST WITH MINISTER OF COMMERCE AND THEN WITH MINISTRY OF AGRICULTURE.

THEY UNDERSTOOD RESPONSIBILITY FOR SOIL PRODUCTS OFFICE (TMO) HAD
JUST BEEN TRANSFERRED FROM COMMERCE TO AGRICULTURE MINISTRY.
THESE MEETINGS CONVINCED CONTGRAIN REPS THAT GOT POSITION IS
FIRMLY ESTABLISHED AS FOLLOWS:

A. MATTER IS ONE BETWEEN TWO "PRIVATE FIRMS" I.E., TMO AND
CONTGRAIN.

B. GOT IS ACTING UNDER LONG ESTABLISHED LEGISLATIVE PROVISION
IN REFUSING TO APPROVE LETTER OF CREDIT (L/C) FOR IMPORT OF
COMMODITIES AT PRICE HIGHER THAN WORLD PRICE ON DAY L/C IS ISSUED.
(THIS TAKES NO ACCOUNT OF CONTRACT NEGOTIATED LAST NOVEMBER).

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C. TMO AS PRIVATE FIRM IS THEREFORE SUBJECT TO "FORCE MAJEURE"
ACTION OF GOT FORCING TMO TO ATTEMPT TO RENEGOTIATE TERMS OF
CONTRACT.

D. CONTRACT MAY BE HONORED ONLY IF CONTGRAIN WILL AGREE TO LOWER
PRICE.

2. CONTGRAIN OFFICIALS SAID THEY ARE THEREFORE PROCEEDING TO GENEVA.
THEY ARE CABLING TMO THAT IT IS IN DEFAULT OF TERMS OF THE CONTRACT
AND ARE INITIATING ARBITRATION PROCEEDINGS IMMEDIATELY. THEY
PLAN TO ADDRESS OFFICIAL REQUEST TO EMBASSY FOR ASSISTANCE BEFORE
MATTER GOES FOR ARBITRATION AND CONTGRAIN OFFICIALS WILL MAKE REQUEST
TO DEPARTMENT OF STATE.

3. EMBASSY FURTHER SOUNDINGS TO FOREIGN MINISTRY, MINISTRY OF
COMMERCE AND MINISTRY OF FINANCE HAVE CONFIRMED THAT GOT POSITION
HAS TAKEN DEFINITE SHAPE AS ABOVE. WE URGED GOT TO HONOR CONTRAC-
TUAL OBLIGATIONS. WE EXPRESSED SURPRISE AT GOT CLAIM THAT TMO IS
NOT GOT AGENCY, NOTING THAT IT IS ESTABLISHED UNDER TURKISH LAW,
RESPONSIVE TO MINISTERIAL DIRECTIVES, FINANCED UNDER GOT BUDGET
AND WIDELY REGARDED AS TURKISH GOVT. INSTRUMENTALITY. WE SAID THAT
TO ALLEGE THAT TMO IS NOT GOT AGENCY IS IN OUR JUDGEMENT LIKE
SAYING THAT EXIMBANK AND COMMODITY CREDIT CORP. ARE NOT PART OF U.S.
GOVERNMENT. NEVERTHELESS TURKISH OFFICIALS HAVE STRONGLY
REITERATED THAT MATTER IS BETWEEN TWO "PRIVATE FIRMS" AND THERE
IS NO RPT NO REASON FOR ACTION BY U.S. OR OTHER GOVERNMENTS.
SWISS AMBASSADOR HAS MADE INQUIRIES AT FOREIGN MINISTRY AND
MINISTRY OF COMMERCE AND HAS TOLD CONTGRAIN REPS HE IS PREPARED
TO MAKE OFFICIAL DEMARCHE.

4. THIS EMBASSY IS PREPARED TO MAKE FORMAL WRITTEN DEMARCHE
URGING GOT TO HONOR CONTRACTUAL OBLIGATIONS UNDERTAKEN BY
ITS INSTRUMENT TMO. GIVEN THE COMPLEX LEGAL ISSUES THAT MAY BE
INVOLVED IN GRAIN CONTRACTS OF THIS NATURE AND THE IMPLICATIONS
THAT MAY ARISE OR HAVE ARISEN OUT OF SIMILAR DISPUTES INVOLVING
OTHER COUNTRIES, WE WOULD APPRECIATE MORE SPECIFIC GUIDANCE
FROM DEPARTMENT AS PROMISED STATE 95564
INCLUDING APPROPRIATE WORDING.
MACOMBER

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Message Attributes

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